

State Procurement Office

HAWAII ELECTRONIC PROCUREMENT SYSTEM (HePS)

FREQUENTLY ASKED QUESTIONS (FAQs)

1. [What is HePS?](#)

The Hawaii Electronic Procurement System (HePS) is an internet-based procurement system that automates the existing procurement process, minimizes the procurement process time, reduces the cost of goods and services, and collects comprehensive data on expenditures as a management tool.

The HePS is a self-funded electronic procurement system, which means it pays for itself. The contractor managing the system assumes all costs for its implementation, and is compensated entirely from vendor transaction fees based on awards received. The system, hosted by the contractor, utilizes a commodity/service classification code system to categorize each registered vendor by the commodity or service the company provides; identify Hawaii vendors; and generate reports based on the data collected.

The HePS will have the following electronic functions:

- Vendor registration;
- Small purchase request for quote (eRFQ);
- Price list catalog (eCatalog);
- Invitation for bid (IFB);
- Request for proposal (RFP); and
- Reverse auction.

2. [Why is the State implementing the HePS?](#)

It was the State's decision to implement an electronic procurement system to expand competition to a broader number of businesses, and reduce the cost for goods and services.

3. [How was the HePS contractor selected?](#)

Systems Engineering, Inc. (SEI) was one of 10 offerors submitting a proposal to provide the State of Hawaii with an electronic procurement system. Based in Waltham, Massachusetts, the company utilizes the iNetPurchasing program, which has implemented and currently maintain similar systems for the states of Texas, Maine, and Idaho as *PublicBuy.Net*.

4. [How will the HePS affect local \(Hawaii\) companies?](#)

The HePS will promote Hawaii's economy through the primary solicitation of Hawaii companies who have presence in the State. If there is insufficient competition among Hawaii companies, or quotes received are too high, agencies will have the option to request quotations from other than Hawaii companies.

5. [Will the HePS increase state government's efficiency and save the government money?](#)

The HePS will save the government money while making its purchasing practices more accessible and open. The on-line electronic procurement system eliminates much of the paperwork and time involved in contracting. The current method of awarding contracts less than \$25,000 involves soliciting offers by phone or fax, a time-consuming and sometimes unfair practice. Whereas under the HePS, registered businesses are automatically notified whenever the agency solicits an on-line request for quotes.

Additionally, when used in conjunction with the State's purchasing card (pCard), the HePS will reduce the processing costs attributable to the present hard copy purchase order system.

6. [Is there a cost for vendors to join the HePS?](#)

There is no vendor registration fee. However there is a transaction fee assessed to all awards through the HePS.

7. [What is the transaction fee?](#)

All awards through the HePS will be subject to a .85% transaction fee. This fee will be based on the dollar value of the awards made and shall be payable by the vendor to the contractor managing the HePS.

Vendors will have the option to include the transaction fee in their offer.

8. [Will HePS improve the collection of the General Excise Tax?](#)

HePS was envisioned as a procurement tool to be used by the government agencies and not as a tax collection vehicle or compliance monitor for the Department of Taxation.

While transactions made between the agencies and vendors having presence in the State may be subject to the General Excise Tax, the collection of the Hawaii General Excise Tax from vendors not having a local presence may be determined by applicable Federal Statutes on Internet commerce.

9. [Is the HePS fair and equitable?](#)

By its design, the HePS removes any "favoritism" by government agencies, by automatically soliciting vendors based on criteria determined by the agency. Examples of criteria are: specifications of the good or service; work experience or qualifications; warranties; when the good or service is required; or proximity of the vendor to the delivery point. If there is insufficient competition or quotes received are too high, agencies have the option of requesting quotes from other than Hawaii companies.

10. [Does HePS benefit vendors/contractors and taxpayers?](#)

While there can be no guarantee that any vendor will receive an award for their good or service, they can be assured that if there is a request for a good or service that they provide and have met the criteria set up by the agency, they will receive a notification of the solicitation.

With the use of the State's purchasing card (pCard), vendors can benefit with the receipt of faster payments, usually within a few days from the pCard issuer. Use of the pCard also reduces the time consuming requirement for vendors to maintain an accounts receivable.

HePS streamlines the procurement process, thereby enabling agencies to provide goods or services faster and at a more competitive price, thereby saving taxpayer dollars.

11. [Will the HePS be integrated with the state's inventory management records/controls?](#)

Although inventory management is not a function of the HePS, it may be considered as an enhancement to the HePS in the future.